

**TESTIMONY OF
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SENIOR VICE PRESIDENT
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
BEFORE THE
FINANCE, REVENUE & BONDING COMMITTEE
MARCH 4, 2013**

Good morning. My name is Joe Brennan and I am senior vice president for the Connecticut Business & industry Association. CBIA represents approximately 10,000 businesses across the state of Connecticut, ranging from large industrial and financial services corporations to thousands of small businesses.

I am here today to testify in **opposition to SB-843**. This bill, among other things, extends three tax increases passed in 2011 that are set to expire this year without legislative action. The three tax increases passed in 2011 are a 20% surcharge on the corporation business tax, a tax on certain generators of electricity, and a reduction in the credit limit for the insurance premium tax. Again, these three tax increases will expire this year unless the legislature chooses to adopt them again.

Before I address the specifics of SB-843, I think it is important to point out that we were encouraged that the Governor attempted to present a budget that did not rely heavily on tax increases, particularly after the very large increases passed in 2011. We were also pleased that other problematic tax changes that had been considered in the recent past are not included in the bill before you.

Regarding SB-843, two of the tenants of a competitive tax structure that have been stressed by the business community in recent years are those of predictability and consistency. It is extremely difficult to make the long-term investments decisions needed to grow our economy if employers do not have confidence that decisions made by government can be relied upon. While there are certainly no guarantees

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in state tax policy, companies look for reasonable assurance that the rules will not continually change. Tax policy in Connecticut has not been particularly consistent or predictable over the years, and passage of SB-843 would continue this troubling trend.

We firmly believe that the best way to deal with the state's fiscal problems is through economic growth. Policy choices that in any way inhibit that growth are only going to make our problems greater. We therefore ask the committee to reject the continuation of the corporate surcharge, electric generation tax and reduced credit limit for the insurance premium tax. We ask the entire legislature to find additional spending reductions and pass a new, two-year budget with no tax increases.

Thank you for the opportunity to present this testimony.